

## WorkFirst Reexamination Workgroup

### Focus Area Briefing Paper

**Issue:** Should the state consider implementing full-grant / full-family sanctions for clients with chronic non-compliance?

**Goal:** Increase self-sufficiency

**Cost / Savings:** The costs of implementing a full-family sanction would include: eJAS and ACES programming, training time and materials. Estimated savings (using the assumptions described later in this paper) would be \$3.3 million.

**Background:** Currently, the maximum sanction for non-participation in WorkFirst is a 40% reduction of the family's grant amount (or the non-participant's share, whichever is more), and the use of a protective payee. In June 2005, 5,931 clients (5,406 cases) were in sanction status. Of these, 3,526 were in long-term (three months or more) sanction, which is the potential pool for full-family sanction.

Most states do have full-family sanction policies. In 19 states the sanction is gradual, but full-sanction is the final step,<sup>1</sup> in 17 states full-family sanction can be applied immediately for non-compliance, and in 15 states, including Washington, only partial sanctions can be applied. A few states have procedures for sanctioning caregivers in child-only cases, based on non-work-related requirements (proof of children's immunizations, enforcing school attendance, etc.). This policy option is not in the scope of this briefing.

### Research results:

#### *Who gets sanctioned?*

Numerous studies have found that sanctioned clients differ significantly from non-sanctioned clients. They are: more likely to be non-white, less likely to live with a partner; have larger families; and began childbearing younger. Research has also found that sanctioned clients are more likely to lack education and work experience, experience logistical barriers to work, and face personal and family challenges.

However, there is no proof of that the fact that the differences between sanctioned and non-sanctioned clients are created by any bias or discrimination. The differences between sanctioned and non-sanctioned clients may be in part due to the fact that clients with the abovementioned disadvantages are also clients that remain on the caseload longer, thus increasing the chance of their being sanctioned.

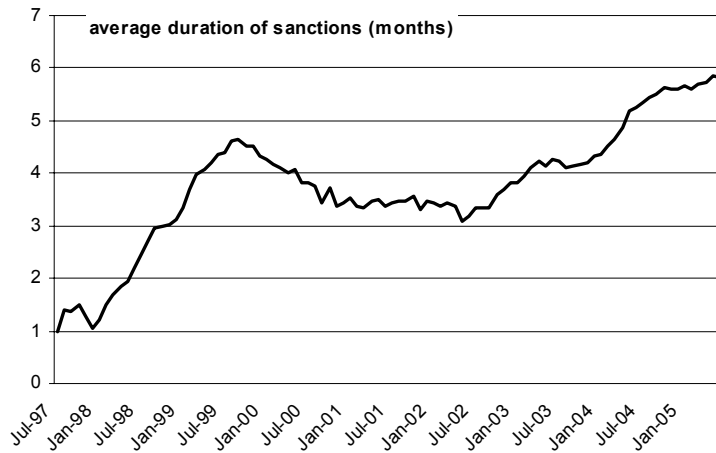
#### *How often are families sanctioned, and why?*

In June 2005, the average sanctioned adult had been in sanction status for 5.8 months. This duration has been growing since May 2002, in part because of the structural growth inherent in

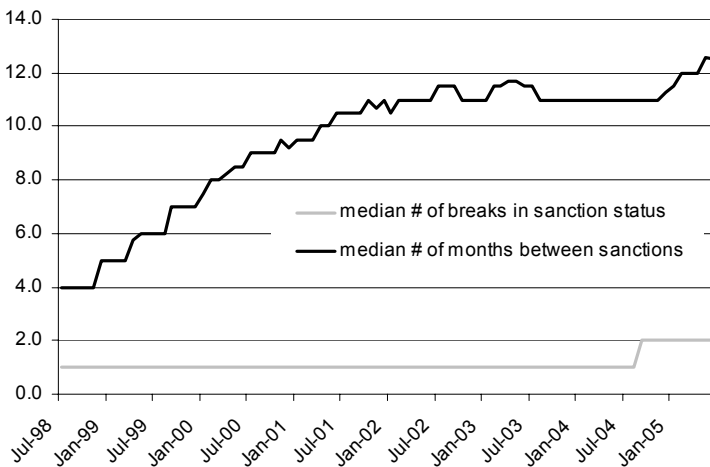
---

<sup>1</sup> This includes Wisconsin's 'pay for performance' model—not exactly a gradual sanctioning process, but similar in effect. Research on sanction impacts consistently includes this model as a variation on full-family sanction.

the aging of the TANF program, and in part due to recent tightening of sanction policies which encouraged many potential one-month sanctionees to participate.



Just over half of all sanctioned clients have experienced only one spell of sanction. Among those who have been in sanction more than once, the median number of sanction spells is three. The amount of time elapsed between sanction has grown over time, but this is probably primarily due to the aging of the TANF program.



### *What are parents doing during their spells in sanction?*

Data on client activities is limited, unfortunately, to what clients are supposed to be being doing—it cannot tell us what clients are choosing to do with their time in lieu of their required participation. This severely limits the degree to which questions such as “are sanctioned clients choosing to attend school?” or “are sanctioned clients staying at home with young children?” can be answered. Within these critical limitations, we do know<sup>2</sup> that prior to entering sanction, the largest number of clients were required to attend job search, but had been referred back to their case manager for non-participation.

<sup>2</sup> Based on 2003 data—policy changes may have somewhat shifted these patterns.

Component open prior to sanction	%
Job search / referral back from job search	59%
No open component for over one month	15%
Barrier resolution (x-components)	9%
Resolving a prior sanction	4%
Education or training	4%
Full-time work or post-employment	2%
Referral to contractor	2%
Community jobs	1%

### *What happens to partially sanctioned families?*

Clients who are sanctioned but not terminated tend to cure their sanction and return to a full-family grant. Few progress to full-family sanction.

- In a study of Iowa's Limited Benefit Plan, 53% of clients who had their grants reduced (or faced the threat of reduction) returned to compliance within six months.
- Studies in Illinois and New Jersey found even higher cure rates for partial sanctions—90% and 80%, respectively, within three months.
- In these states, only 22% of partial sanctions (Illinois) and 38% (New Jersey) progressed to full-family sanction.
- In Wisconsin, 71% of sanctioned clients returned to a full benefit, usually in only a month or so. About 10% progress to full sanction. Of clients in full sanction, about 30% returned to partial sanction, and 37% returned to full benefits.

### *What happens to the families that do progress to full sanction (grant termination)?*

Findings on outcomes for sanctioned families are compromised by the fact that sanctioned leavers are usually compared to 'voluntary' leavers, who may, in fact, be leaving the caseload due to a *threat* of sanction. It is possible that the outcome differences between sanction leavers and other leavers is primarily due to selection bias and imperfect comparison groups. That said, research finds that families that leave Temporary Assistance for Needy Children (TANF) due to a full-family sanction consistently have lower levels of post-TANF employment and lower earnings. Findings on whether or not they have more hardships, such as food insecurity, have been mixed. Sanctioned families are also more likely to return to TANF than those who leave for other reasons.

- A study of 3,367 fully sanctioned cases in Florida found that, within the following 6 months, 32% had earnings and no TANF, 28% had earnings but had also returned to TANF, 22% had returned with no earnings, and 23% had no earnings and no TANF.
- The New Jersey and Illinois studies mentioned above found that clients who were terminated from the grant due to sanction were more likely to return to TANF within a year than other leavers (by 29 percentage points in Illinois, 24 points in New Jersey, and 10 points in South Carolina)

### *Do full-family sanctions reduce caseloads?*

Two early waiver-era studies found that the presence of a strong, full-family sanction policy was linked to greater caseload reductions in the early years of TANF. It is not possible, however, to distinguish between the impact of the policy itself and the impact of the presence of stricter and more clearly communicated policies in those states.

Other studies that have looked at the difference in impact between full and partial sanctions have had mixed findings. Some have found full-sanctions to be more effective as compliance tools, some have found all the difference to lie in implementation and communication of program expectations.

**Benefits:** Full-family sanctions can lead to grant savings if the number of cases leaving TANF due to grant reductions is greater than the number that cure their sanction and begin participation. Any calculation of savings is based on a number of variables:

- The message that accompanies implementation: a strong message that sanction is a tool for compliance might decrease savings, while a strong message that sanction should be used to terminate non-compliant cases might increase savings.
- The assumed cure rate: what number of partially-sanctioned clients will comply with program requirements rather than risk a full sanction? Based on the research mentioned above, a conservative estimate of 50% was used to calculate savings.

*For the purpose of this analysis, total annual savings from a full-family sanction are estimated at \$3,286,923. This includes the impact of cure rates, protective payees, grant adjustments, and child care costs. The savings would be lower if implemented in conjunction with a hard 60-month time limit.<sup>3</sup>*

**Risks or unintended consequences:** Defining the goal of a potential full-family sanction is critical to evaluating its potential effectiveness. A full-family sanction can be seen either as a tool to encourage compliance (clients threatened with sanction or put into sanction status choose to return to participation) or as a caseload-reduction tool (non-compliant clients are removed from the caseload). *Any implementation of a full-family sanction would need to include a strong message to case workers to ensure that the tool was being used consistently for whichever goal it was designed.*

Full-family sanction may also have an impact on federal participation rates. Currently, families in sanction four months or longer are counted in the population required to participate (the denominator of the equation), but they are not counted as participating (the numerator of the equation). Any families that chose non-compliance, and thus are removed from the caseload entirely, would be subtracted from the denominator, effectively increasing the federal work participation rate. Any families that chose compliance would remain in the denominator, but also be counted in the numerator, thus also raising the participation rate.

**Implementation issues:** Numerous studies have mentioned the potential for disparate application of sanctions. Criteria for sanctioning can vary across regions, offices, and workers. Training and ongoing monitoring become critically important to ensure that sanctions are applied fairly and consistently across the state.

Implementation of full-family sanction would require time to make the necessary amendments to ACES and eJAS.

*Research references are available on request: [debbie.zeidenberg@ofm.wa.gov](mailto:debbie.zeidenberg@ofm.wa.gov)*

---

<sup>3</sup> The reason for lower savings is the child safety net caseload. This group of approximately 1000 cases can be considered sanctioned (the adults on the case are not participating as required) or extended (the case has received more than 60 months of grants). Implementation of full-family sanction along with hard time limits would remove this group from the caseload, but the savings could only be counted once.